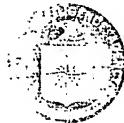


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DIRECTORATE OF INTELLIGENCE

17 April 1985

Spain: The Gonzalez Government in Historical Context

Summary

Prime Minister Felipe Gonzalez's major goal is to modernize Spain and end its isolation in Western Europe. Although Spain is much closer to the West European mainstream than it was just three decades ago, enough of a gap still exists to provide Gonzalez with his sense of purpose as prime minister. [redacted]

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The Roots of Spanish Politics

Nearly two centuries ago, Napoleon said that Africa begins at the Pyrenees. Although educated Spaniards did not need that gibe to know they were different, they have disagreed over the years over what to do about it. Would-be reformers on the left felt a strong sense of inferiority when they saw that Spain had not kept pace with the industrial and democratic

This memorandum was prepared by [redacted] the Office of European Analysis. It was requested by Peter Sommer, National Security Council. Questions and comments may be addressed to John McLaughlin, Chief of the West European Division, [redacted]

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revolutions sweeping much of the rest of the Western world. They railed against the Church's tight grip on intellectual life and the tight control of government by a small aristocratic and upper middle class elite. Late in the 19th century, workers began to join this chorus, protesting one of the most unequal social systems in Western Europe and calling for revolution against large landowners and the country's few industrialists. These stirrings frightened many Catholics, property owners, and other Spaniards who simply wanted to live in peace. This conservative camp held that Spain should be different from the rest of Europe -- that Spain represented tradition, religion, and authority in an atheistic and materialistic continent.

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### Franco's Dictatorship

This fight between left and right carried into the 20th century and climaxed in the civil war of 1936-39. That brutal conflict brought Gen. Francisco Franco to power as the representative of the victory of reactionary over revolutionary Spain. Franco justified his dictatorial rule by echoing 19th century conservatives who said that Spain was not suited for democracy. He argued that Spain had less in common with the rest of Europe than with Latin America and the Middle East, and sought to associate himself with the Third World.

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Franco's Spain, therefore, remained an anomaly in Western Europe. European leftists denounced Franco and conservatives were embarrassed by him. In the late 1940s and early 1950s, Franco was isolated and faced mounting internal unrest. In the eyes of most Spaniards -- and many Europeans -- the United States bailed Franco out when it signed a bilateral security agreement in 1953, which provided economic assistance in return for the use of military bases in Spain. Many Spanish leftists -- including a number in the governing Socialist Party -- still criticize the United States for propping up the regime that persecuted them.

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To his credit, Franco did not turn the clock back in every area of national life, particularly in the economic sphere. Economic growth began climbing sharply in the 1960s, when Franco abandoned his efforts to promote autarky and began to open the economy to competition and trade. In the 1960s and early 1970s, Spain had one of the fastest economic growth rates in the world. By then the rest of Western Europe had recovered from the war, and Spain was able to benefit from its relative backwardness. Foreign tourists flocked to its cheap resorts, foreign investors sought its low wages, and emigrants sent large portions of their pay home from richer European countries. In a breathtakingly short period of time -- far less than the United States and Northern Europe had taken for similar changes -- Spain changed from a backward agricultural country into an urban society with relatively well developed industrial and service sectors and a large and well educated middle class.

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### Transition to Democracy: The Rise and Fall of Suarez

The death of Franco in 1975 signalled another dramatic turning point, this time a turn toward the political and economic mainstream in Europe. This shift was eased by the economic and social transformation that had occurred under Franco -- a transformation that muted the longstanding political division between left and right and provided the basis for a transition to democracy. The memory of the civil war reinforced the public's aversion to political extremism and helped to keep the democratic transition peaceful. King Juan Carlos's political skill and commitment to representative government helped to move the process along, especially by winning the support -- or at least the acquiescence -- of the military. One key move was his selection of Adolfo Suarez, a former high-ranking Franco official, to implement the transition. [redacted]

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Suarez not only had to manage the difficult process of establishing democratic habits and institutions -- a task he carried out admirably -- but also had to deal with the even more difficult issues of regionalism and the economy. Franco's repression of Basque culture and regional government, for example, spawned the ETA terrorist movement, which Suarez tried to undercut by returning major governmental powers back to local areas. But he ran into trouble on two fronts: his reform was too slow to reduce Basque support for ETA, and -- even worse -- the military interpreted his program as an attack on the unity of the Spanish state. [redacted]

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Spanish democracy also had the misfortune of being born during the worldwide economic slump of the 1970s. Suarez hesitated to follow other industrial countries into economic contraction for fear of undermining support for democracy. His attempt to keep the economy going with high government spending fueled inflation, and his willingness to support trade union demands for higher wages pushed up the cost of labor to employers and contributed to increased unemployment. [redacted]

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Suarez's greatest failure, however, was his inability to mold the Center Democratic Union (UCD) into a coherent political party. Suarez had created the party in 1977 out of a diverse group of conservatives, liberals, Christian democrats, and social democrats. Suarez, however, was unable to find any set of principles to hold the UCD together once he had defeated the leftist parties. The UCD quickly began to fall apart, and Suarez himself was forced to step down. Conservative elements in the military -- already upset by Suarez's decentralization program -- saw their worst fears of democracy confirmed by this factionalism, and it was only King Juan Carlos's bold intervention that saved Spanish democracy. [redacted]

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Suarez's successor, Leopoldo Calvo-Sotelo, led Spain into NATO in 1982 in an attempt to give the UCD something to unite on as well as to channel the military's attention away from Spanish politics, but entry into NATO added a

new element of divisiveness -- few Spaniards accepted Calvo-Sotelo's claim that Alliance membership contributed to Spanish security and EC accession. Indeed, his decision to enter NATO in the face of wide public opposition was only one more black mark -- among what were now many--against the UCD. In October 1982, the voters subjected that party to what Spaniards called the worst "punishment vote" in the history of European governing parties. From 35 percent of the vote and 165 out of 350 seats in the lower house of Parliament in 1979, the UCD fell to 7 percent of the vote and only 13 seats--a rejection so complete that the party soon disbanded. [redacted]

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#### Gonzalez and the Socialist Party

The principal beneficiary of the UCD's demise was the Socialist Party, which won a four-year term with 202 seats and an absolute parliamentary majority. The party was largely the creation of Felipe Gonzalez, its secretary general and the new prime minister. Like Gonzalez himself (40 years old in 1982), the party is young. Foreign Minister Moran, in fact, is the only member of the cabinet who is over 50. [redacted]

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Despite the radical rhetoric and romantic Third World ideas of many Socialists, Gonzalez recognized that the future of the Socialist Party would depend on its ability to appeal to the broad cross-section of centrist voters with moderate programs. In 1979 he made his most important step toward this goal when he won a bruising fight with party radicals to remove Marxism from the party's statement of principles. [redacted]

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#### Gonzalez: A Moderate Modernizer

Gonzalez has continued his moderate approach to modernization since taking office. He has pursued austere economic policies to lay the foundation for solid economic growth. Aside from reducing inflation and improving trade competitiveness, progress has been slow. Private investment remains low, and unemployment has risen from 17 to 22 percent during his two and one-half years in office.\* Gonzalez believes, however, that his conservative policies and his promotion of electronics and other "sunrise" industries will eventually pay off. [redacted]

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Gonzalez regards reducing the political influence of traditional conservative institutions -- particularly, the Church and the military -- as a key part of his modernization program. His legislation partially legalizing abortion and increasing state control over parochial schools has stirred some

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\*Those official unemployment figures, however, are almost certainly too high -- possibly by as much as one-third -- due to the impact of the underground economy. [redacted]

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controversy, but has been generally supported by public opinion. Military commanders appear to have learned the danger of getting involved in politics from the failure of the coup attempt in 1981, and the magnitude of Gonzalez's election victory has reinforced this new reluctance. Moreover, Gonzalez has dealt with the military adroitly, treating its institutions respectfully but acting firmly against individual malcontents. Last fall, for example, he sacked a high ranking general who publicly questioned the government's ability to defend Spain's North African enclaves. At the same time Gonzalez has also removed a principal cause of military unrest by placing tight limits on the decentralization process begun by Suarez. Gonzalez's tough anti-terrorist policies also appear to have turned the corner in the struggle against ETA, and have won military approval. [redacted]

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Modernization is ultimately more a matter of attitudes and habits than of economics or institutions. Despite the many changes in recent years, Spain remains the country that invented "manana," and Spanish businessmen, farmers, and academics are more relaxed in conducting their affairs than their Northern European counterparts (Spanish labor productivity is approximately half of the West European average). Gonzalez wants to change this. He has already shaken up civil servants by requiring -- in a most un-Spanish act -- that they actually put in a full day's work for a full day's pay. Previously, large numbers of these usually poorly paid bureaucrats took off early each day to go to second jobs where more often than not they were too tired to be fully efficient. In the same spirit Gonzalez has banned multiple jobs for members of Parliament and university professors. [redacted]

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#### The EC and NATO

Gonzalez's overriding goal remains the integration of Spain into Europe. He has little use for the woolly-minded Third Worlders in his party. Indeed, like many reformers before him and much of the younger generation as well, he believes that Spain's future lies in becoming more like Western Europe -- a goal he is trying to realize by joining the EC. [redacted]

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Gonzalez's interest in EC accession, in turn, has been an important factor in his decision to come out behind NATO membership. He realizes that Spain cannot participate in Western Europe's economic and political structures unless it cooperates in its military defense -- a concept still unpalatable to much of the left. As part of his effort to keep leftists -- including many Socialist Party members -- from bolting, he has accompanied his increasingly pro-NATO statements with reaffirmations of a campaign pledge to permit a public referendum on the issue. This approach has partly defused the issue, but has locked Gonzalez into a risky political course. Opinion polls show that, while only a handful of Spaniards consider NATO a major problem, that the underlying two-to-one opposition to NATO has remained virtually unchanged over the past three years. [redacted]

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Gonzalez faces a difficult choice in the next year. If he holds the referendum by April 1986 as he has promised, he would have to throw all his prestige behind the effort and might still lose. On the other hand, if he tries to back out of the referendum and substitute an early election, he would anger diehard NATO opponents and damage his reputation for honesty with the electorate in general. Either way, he will have to expend much of his political capital to keep Spain in NATO. [redacted]

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#### Why The Socialists will Probably Win the Next Election

One of the factors pulling Gonzalez toward an early election is his knowledge that the Socialists would almost certainly win. An election campaign would be decided largely on the basis of the domestic issues that matter most to the voters, not NATO, and Gonzalez remains far and away the most popular politician in Spain. [redacted]

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The Socialists would also benefit from the divisions of their principal opponents. The Communists have fought so bitterly with each other over policies and personalities that they have thoroughly discredited themselves with the electorate. What remains of their share of the national vote -- 5 percent -- is now split between the mainline party and a pro-Moscow splinter. [redacted]

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The conservative and centrist parties vying to inherit the UCD's old constituency are in disarray and badly divided. Their basic problem is that only a minority of Spanish voters see themselves as right-of-center. In order to beat the Socialists, they would have to hold all their own supporters and make major inroads into the moderate left voters who supported the Socialists in 1982. They would, in fact, have to hammer together a coalition that would range all the way from unreconstructed coup plotters on the right to moderate social democrats and Spanish style yuppies in the center. [redacted]

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Fashioning such an alliance would be a daunting task. It is probably well-nigh impossible for Manuel Fraga, the former Franco cabinet minister whose Popular Alliance is the principal opposition party. Fraga's strongly ideological approach and pugnacious personal style have earned him enthusiastic support from a small, staunch band of conservative supporters, but centrist voters continue to view him with deep distrust. [redacted]

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#### Gonzalez's Likely Legacy: A Stable and Self-Confident Democracy

Gonzalez has made a significant contribution to the consolidation of Spanish democracy. His moderate and responsible conduct in office has dispelled suspicion that the left, vanquished in the civil war nearly a half century ago, cannot be trusted in power. It has also gone a long way toward restoring Spaniards' confidence in their ability to govern themselves. Decades from now historians may cite these gains as Gonzalez's greatest achievement. [redacted]

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